Un 3/36/986

gist

NEWARK PUBLIC LIBRARY

AUG 13 1986

A quick reference aid on U.S. foreign relations
Not a comprehensive policy statement
Bureau of Public Affairs • Department of State

U. S. GOVT. PUBS.
DEPOSITORY

US Export Controls and China

July 1986

Background: US export controls on technology and equipment transfers to China, particularly for items in widespread commercial use, have been liberalized gradually over the past several years. An important motivation for this liberalization has been a wish to support US private sector involvement in China's modernization program, which in turn aids the development of China's economy. It has been the view of four US Administrations that a stable, modernizing China will contribute to peace and stability in East Asia, and is in the general US foreign policy interest.

In June 1983, recognizing China's status as a "friendly, non-allied country," President Reagan announced his decision to shift China into export control "Country Group V," joining other friendly Asian, African, and European countries. This change was effected through a revision of US export control regulations published in November 1983. Detailed technical guidelines--"green lines"--were established to describe selected products that would be approved for export routinely to satisfactory China end-users in such commodity categories as computers, computerized instruments, microcircuits, electronic instruments, recording equipment, and semiconductor production equipment.

Recent actions: In early 1985, the US and its partners in the Coordinating Committee for Export Controls (COCOM) began detailed consultations on streamlining approval of those China cases that had become routine. Several months of such discussions resulted in a COCOM agreement finalized in early December 1985. As of December 15, 1985, products falling within guidelines drawn up in 27 different product categories no longer require COCOM review. (The revisions were published in the Federal Register on December 27, 1985). Some commodity categories affected by the change are: numerical control units for machine tools; cable and optical fiber manufacturing equipment; printed circuit board manufacturing equipment; equipment for the manufacture or testing of electronic components; aviation equipment; communication equipment; lasers; electronic measuring equipment; frequency synthesizers; radio spectrum analyzers; microwave equipment; electron tubes; electronic component assemblies; electronic computers and software; communication switching equipment; analog-digital and digital-analog converters; recording or reproducing equipment; oscilloscopes; quartz crystals and assemblies; and optical fiber preforms. These revisions have helped to expedite the licensing of selected categories of high technology exports to China by the US and other COCOM members and reduced the COCOM China caseload by more than half. The US and its COCOM partners continue to discuss additional categories of equipment that could be released from COCOM review.

National security concerns: US policy is designed to allow US businesses to participate fully in China's modernization program while

READEX FICHE best copy available

S/1.128:

retaining controls on truly sensitive equipment and technology. US high technology exports remain subject to national security controls, reflecting our awareness of China's unique strategic capabilities, which are unlike those of other friendly countries. US regulations outline areas of potential concern: nuclear weapons and delivery systems, intelligence gathering, electronic warfare, antisubmarine warfare, power projection, and air superiority.

Volume of high technology exports to China: Export control policy changes have facilitated an expanding volume and higher level of US equipment to be exported to China. Between 1982 and 1985 there was a steep rise in both the number and dollar value of US export licenses approved and the value of "high-tech" equipment actually shipped to China. The number of export licenses approved for China by the Department of Commerce rose from 2,020 in 1982 to 8,637 in 1985.

US Export Licenses Approved for the PRC

Year	Number of Applications	Total Dollar Value*
1982	2,020	$500 million
1983	2,834	$932 million
1984	4,443	$2.0 billion
1985	8,637	$5.5 billion

*Value of licenses approved does not reflect value of actual shipments.

The level of technology approved by the US for export to China also has been rising. Certain large mainframe computers, sophisticated integrated circuit manufacturing equipment, telecommunications equipment, and scientific instruments (all denied for export to the USSR) are now routinely approved for China.

Guidance for exporters: Once an export license application is sent to COCOM for review, its progress is followed by the Department of State's Office of East-West Trade. Exporters may make occasional inquiries on the status of urgent applications pending in COCOM by calling the Security Export Controls Division of the Office of East-West Trade (202-647-2885).

For further information: See also Department of State GISTs on "Controlling Transfer of Strategic Technology" and "US Export Controls."

Harriet Culley, Editor (202) 647-1208